

Article - Tax - General

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§10-742. IN EFFECT

// EFFECTIVE UNTIL JUNE 30, 2025 PER CHAPTER 643 OF 2020 //

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Department” means the Maryland Department of Labor.
- (3) “Eligible apprentice” means an individual who:
- (i) is enrolled in an apprenticeship training program that:
 - 1. is registered with the Maryland Apprenticeship and Training Council in accordance with § 11-405 of the Labor and Employment Article;
 - 2. provides highly supervised training skills through a certified Apprenticeship Training Program, for classroom credit offered at community colleges, universities, high schools, vocational training centers, or directly through certified Apprenticeship Training Centers registered with the State;
 - 3. meets Maryland Apprenticeship and Training Council requirements for Youth Apprenticeships and Registered Apprenticeships, as applicable; and
 - 4. complies with 29 C.F.R. § 29.5(b)(7);
 - (ii)
 - 1. has been employed by the taxpayer for at least 450 hours of the taxable year through a youth apprenticeship program; or
 - 2. for an individual other than an individual described under item 1 of this item, has been employed by the taxpayer for at least 7 full months of the taxable year; and
 - (iii) if the individual is in an employee classification for which there is a prevailing wage rate, receives an apprenticeship wage that is at least 50% of the prevailing wage.
- (4) “Fund” means the Apprenticeship Tax Credit Reserve Fund established under subsection (e) of this section.

(b) Subject to the limitations of this section, a taxpayer may claim a credit against the State income tax in an amount equal to the amount stated in the tax credit certificate issued under subsection (c) of this section for the first year of employment of an eligible apprentice.

(c) (1) A taxpayer may submit an application to the Department for a tax credit certificate.

(2) The application shall be in the form and contain the information that the Department requires, including proof of:

(i) the enrollment of each eligible apprentice in a registered apprenticeship program; and

(ii) the duration of each eligible apprentice's employment by the taxpayer.

(3) Subject to paragraph (4) of this subsection, the Department shall issue a tax credit certificate to the taxpayer in the amount of:

(i) except as provided in item (ii) of this paragraph, \$1,000 for each eligible apprentice; or

(ii) with respect to the first five eligible apprentices for whom the taxpayer claims the credit under this section:

1. \$1,000 for each eligible apprentice if the eligible apprentice is employed through a youth apprenticeship program; and

2. \$3,000 for each eligible apprentice who is not an eligible apprentice described under item 1 of this item.

(4) The Department may not certify more than \$15,000 of tax credits in the taxable year for any taxpayer.

(5) The Department shall:

(i) approve all applications that qualify for a tax credit certificate under this subsection on a first-come, first-served basis; and

(ii) notify a taxpayer within 45 days of receipt of the taxpayer's application of its approval or denial.

(6) For each taxable year, the total amount of tax credit certificates that may be issued by the Department under this section may not exceed the total funds available in the Fund for that year.

(d) (1) The total amount of the credit allowed under this section for any taxable year may not exceed the State income tax for that taxable year, calculated before the application of the credits under this section and §§ 10–701 and 10–701.1 of this subtitle, but after the application of other credits allowable under this subtitle.

(2) If the credit otherwise allowable under this section exceeds the limit under paragraph (1) of this subsection, a taxpayer may apply the excess as a credit against the State income tax for succeeding taxable years until the full amount of the excess is used.

(e) (1) There is an Apprenticeship Tax Credit Reserve Fund.

(2) The Department shall administer the Fund.

(3) The purpose of the Fund is to offset the revenue reduction to the General Fund of the State as a result of the tax credits authorized under this section.

(4) The Fund is a special continuing, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(5) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.

(6) The Fund consists of:

(i) money appropriated in the State budget to the Fund; and

(ii) any other money from any other source accepted for the benefit of the Fund.

(7) The money in the Fund shall be invested and reinvested by the State Treasurer, and interest and earnings shall be credited to the General Fund of the State.

(8) For each fiscal year, the Governor shall include in the budget bill an appropriation to the Fund.

(9) Notwithstanding the provisions of § 7–213 of the State Finance and Procurement Article, the Governor may not reduce an appropriation to the Fund in the State budget as approved by the General Assembly.

(10) (i) Except as otherwise provided in this paragraph, money credited or appropriated to the Fund shall remain in the Fund.

(ii) 1. Within 15 days after the end of each calendar quarter, the Department shall notify the Comptroller as to each tax credit certificate issued during the quarter.

2. On notification that a tax credit certificate has been issued by the Department, the Comptroller shall transfer an amount equal to the credit amount stated in the tax credit certificate from the Fund to the General Fund of the State.

(f) The Department shall adopt regulations to:

(1) implement the provisions of this section; and

(2) specify criteria and procedures for application for, approval of, and monitoring continuing eligibility for the tax credit under this section.

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